

## Message Text

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15

ACTION EB-07

INFO OCT-01 EA-09 ISO-00 SP-02 USIA-15 AID-05 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 L-03 H-02 PA-02 PRS-01 INT-05 GSA-02 ITC-01

IO-13 /119 W

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R 160338Z APR 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8519

UNCLAS TOKYO 5608

E.O. 11652: N/A

TAGS: ETRD JA

SUBJECT: JAPANESE PRESS REACTION TO SPECIALTY STEEL TALKS

1. NIHON KEIZAI CARRIED PAGE THREE REPORT CAPTIONED "JAPAN AND U.S. RUN IN PARALLEL; FIRST ROUND NEGOTIATIONS ON SPECIAL STEEL IMPORT RESTRICTIONS; NEGOTIATIONS TO BE RESUMED TWOARD END OF THIS MONTH." BEGIN TEXT. "FIRST ROUND OF JAPAN-U.S. BILATERAL CONSULTATIONS ON SPECIAL STEEL IMPORT RESTRICTIONS CONDUCTED ON THE 15TH ENDED WHILE RUNNING IN PARALLLED CONCERNING WHETHER OR NOT THE SPECIAL STEEL INDUSTRY CIRCLES OF THE U.S. ARE SUFFERING INJURY DUE TO SPECIAL STEEL IMPORTS AND ALSO CONCERNING RELATIONSHIPS BETWEEN A BILATERAL AGREEMENT, WHICH THE U.S. IS SEEKING FOR THE PURPOSE OF MAINTAINING MARKET ORDER, AND GATT. IT IS SLATED THAT THE SECOND ROUND OF CONSULTATIONS WILL BE HELD TOWARD THE END OF THIS MONTH FOR THE DISCUSSION OF THESE POINTS.

AT THE CONSULTATION ON THE 15TH, THE SECOND-DAY CONSULTATIONS, TALKS WERE HELD MAINLY ON A BILATERAL AGREEMENT, WHICH THE U.S. SIDE IS SEEKING. THE U.S. SIDE IS REQUESTING CONCLUSION OF A BILATERAL AGREEMENT WITH THE VALIDITY

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TERM OF ABOUT THREE YEARS, WITH THE AIM OF DECIDING ON

THE AMOUNT OF SPECIAL STEEL EXPORTS FROM JAPAN TO THE U.S. THE GOVERNMENT OF OUR COUNTRY, HOWEVER, WHICH VIEWS THAT THERE IS THE SUSPICION THAT SUCH A BILATERAL AGREEMENT MAY INFRINGE ON ARTICLE 19 OF GATT, WHICH STIPULATES THE EMERGENCY IMPORT RESTRICTION FORMULA, AND WHICH DOES NOT PERMIT ENFORCEMENT OF DISCRIMINATION AS TO COUNTRIES, ASKED ABOUT THIS POINT.

"TOWARD THIS, THE U.S. SIDE EXPLAINED THAT ARTICLE 19 OF GATT ASKS FOR SETTLEMENT THROUGH AGREEMENT AMONG COUNTRIES. A BILATERAL AGREEMENT IS IN LINE WITH THIS, AND IT WILL NOT INFRINGE ON ARTICLE 19 OF GATT.' THE JAPANESE SIDE, HOWEVER, TAKES THE POSITION THAT THE U.S. SIDE'S EXPLANATIONS DO NOT HAVE ADEQUATE PERSUASION POWER. IT INTENDS TO CONDUCT FURTHER PROBING DISCUSSIONS ON THIS POINT AT THE SECOND ROUND OF CONSULTATIONS.

"CONCERNING THE QUESTION OF WHETHER THERE IS INJURY OR NOT, THE U.S. SIDE ASSERTED THAT 'THE OPERATION RATE IN SPECIAL STEEL INDUSTRY CIRCLES IN THE U.S. HAS DROPPED DUE TO AN INCREASE IN IMPORTS, AND THE NUMBER OF UNEMPLOYED HAS INCREASED. THERE IS CLEARLY INJURY.' THE JAPANESE SIDE, ON THE OTHER HAND, REJECTED THIS, SAYING, 'THE AMOUNT OF AMERICA'S SPECIAL STEEL IMPORTS IN 1975 WAS ON THE SAME LEVEL AS THAT IN THE PRECEDING YEAR. THE DIFFICULT SITUATION BEING SUFFERED BY U.S. SPECIAL STEEL INDUSTRY CIRCLES CANNOT BE ATTRIBUTED TO IMPORTS.' BOTH SIDES REPEATED, FROM BEGINNING TO END, THE SAME ARGUMENTS AS THOSE CONDUCTED THE PREVIOUS DAY.'" END TEXT.

2. ENGLISH LANGUAGE JAPAN TIMES ON APRIL 16 HAS STRAIGHTFORWARD REPORT STATING THAT TALKS WERE HELD, THAT JAPANESE SIDE DID NOT CONCEDE THAT A STEEL AGREEMENT WOULD BE POSSIBLE, BUT THAT DISCUSSIONS WOULD RESUME AT END OF APRIL IN TOKYO OR WASHINGTON. HODGSON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, NEGOTIATIONS, STEELS, IMPORT CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 APR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
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**Disposition Comment:**  
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**Disposition Reason:**  
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**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
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**Page Count:** 2  
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**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** oatisao  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01 JUL 2004 by SilvaL0>; APPROVED <15 SEP 2004 by oatisao>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** JAPANESE PRESS REACTION TO SPECIALTY STEEL TALKS  
**TAGS:** ETRD, JA, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006